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C O N F I D E N T I A L SECTION 01 OF 02 ROME 000178

SIPDIS

DEPARTMENT PASS TO ICE/DRO, ICE/IAO, ICISN/CPI:RUGGIERO,  
AND ISN/RA: MENKHOF

E.O. 12958: DECL: 02/11/2019

TAGS: [KNNP](#) [MNUC](#) [IR](#) [IT](#)

SUBJECT: ITALY: US COMPANY MAY BE INVOLVED IN SUSPECT  
IRAN DUAL USE EXPORT

REF: A. SECSTATE 08305 B. ROME 83

Classified By: EcMin Tom Delarefor reasons 1.4 (b) and (d)1.

(U) This is an action request. Please see paragraph 6.

12. (C) Summary: On 4 February, Director General for Commercial Policy Amedo Teti of the Italian Ministry of Trade informed econoffs that Fischer Process SRL, an Italian company that had applied to ship dual-use valves to Iran, was in fact the subsidiary of Emerson Process Management, an American company. Teti suggested that the American company might be using its Italian affiliate to evade USG Iran sanctions. Teti said that while the GOI would probably reject the export license, the GOI would prefer for the USG to persuade Emerson to rescind the application. End Summary.

13. (C) On 30 January, Econoff delivered reftel A points to MFA Counselor for Nuclear Affairs and Export Controls Roberto Liotto. This demarche concerned a threat involving dual-use pressure-regulating valves destined for the Pars Oil and Gas company in Tehran. Liotto promised the points would be shared with the Consultative Committee, which reviews all dual-use export license applications. It consists of the internal and external Italian intelligence services, the MFA, the Ministry of Interior, the Customs Agency, the Treasury Ministry, independent experts, and the Ministry of Trade. According to Liotto, the Ministry of Trade decides, though Liotto said it had never in recent memory overturned a consensus of the other agencies. Liotto noted that the Fischer Process case had exposed tension within the Italian government -- common to export controls adjudication-- in which the Italian MFA and intelligence agencies took a "guilty until proven innocent" approach, whereas the Ministry of Trade erred on the side of "innocent until proven guilty."

14. (C) Consequently, Liotto expressed confidence that the MFA would take a negative position concerning the Fischer Process license before the Consultative Committee, though he stopped short of promising a concurring final outcome from the Ministry of Trade. Liotto said that the reftel points could be determinative and he judged the links to Mesbah energy and references to previous denials to be particularly helpful. Liotto said that exports to Iran, while generally legal, receive "high scrutiny" from the GOI. The Committee will probably approve or deny the license application at its next meeting on 16 February.

15. (C) On 4 February, Director General for Commercial Policy Amedo Teti of the Italian Ministry of Trade informed econoffs that Fischer Process SRL, the Italian company that had applied to ship potential dual-use valves to Iran,

was in fact the subsidiary of Emerson Process Management, an American company based in St. Louis, Missouri. Teti said the license application was, "no longer a technical issue, but a political one." Teti believed the American parent was likely aware of its subsidiary's actions and he speculated that the American company may have routed the export through the EU to avoid US sanctions against Iran. From the limited information provided in the license application Teti said he was unable to determine whether the pressure regulating valves had been manufactured in the U.S. or in Italy. Teti requested that the USG contact Emerson Process Management about the behavior of its subsidiary. Teti believed that doing so would cause Fischer to rescind its application, which he said the GOI would find preferable to having to adjudicate an ambiguous dual-use export license application.

¶6. (C) Following a brief review, Embassy Rome's Immigration and Customs Enforcement (ICE) attachQ determined that Emerson Process Management has had numerous past allegations of export control violations, both within the U.S. and abroad. Based on Director General Teti's aforementioned claims and Emerson's blemished record, Post requests that the Department pass this cable to the appropriate ICE official in Washington for rapid review and possible action.

¶7. (C) Comment: Post notes that this sequence of events was triggered by an Italian request to the USG for technical assistance concerning a questionable export to Iran. Italy was not legally obliged to seek this help. In this case, and in other recent actions involving small

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firms, the GOI has been cooperative on Iran sanctions. End comment.  
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